

How would recent events affect your financial investments?

FIND ANSWERS ON THE ARM WEEKLY COMMENTARY AND STOCK RECOMMENDATION

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Weekly Commentary & Stock recommendation

...for the week 8th November - 12th November 2021

Global Economy

- ◆ Consumer prices in the U.S. accelerated at the quickest pace seen in over three decades last month, strengthening worries that inflation could remain uncomfortably high well into 2022. Annual inflation surged to 6.2% in October 2021, as Americans paid more for gasoline (+6.1%MoM) and food (+0.9%MoM) and inflationary pressures are also trickling into the tight labor market, eroding wage gains and further complicating issues for the Federal Reserve Bank. The Central Bank maintained last week that these price pressures are largely transitory, and prices will begin to fall once supply bottlenecks start easing but the economy could soon face a situation where higher consumer prices begin to weigh on consumer spending, consequently slowing GDP growth in the coming quarters. Elsewhere, preliminary estimates revealed that the British economy expanded by 1.3%QoQ and 6.6%YoY in the third quarter of 2021. The hospitality (30%QoQ), arts and recreation (19.6%QoQ) and health (3.5%QoQ) sectors emerged as the largest contributors to GDP growth during the quarter following the further easing of restrictions and reopening of the economy while manufacturing shrank by 0.3%QoQ as recent global supply constraints weighed on the sector.

Domestic Economy

- ◆ The Central Bank of Nigeria (CBN), granted approval in principle for Payment Service Bank (PSB) licenses to MTN Nigeria and Airtel Africa. The decision to grant PSB approvals to the two major telecommunications firms in Nigeria is in line with the apex banks objective of enhancing financial inclusion and the development of the payment system through a secured technology-driven environment. As part of its mandate to coordinate and monitor all investment promotion activities in the country, the Nigerian Investment Promotion Commission (NIPC) recently announced the launch of the "e-OSIC" platform, the virtual platform of the "One Stop Investment Centre". At the Q3 press briefing in Abuja, the Acting Executive Secretary/CEO of NIPC said with the completion of the "e-OSIC" platform, investors can now have access to all services offered at the One-Stop Investment Centre(OSIC) remotely and apply for business registration, submit relevant documents, and make appropriate fee payments.

Equities and stock recommendation

- ◆ The downturn in the Nigerian equities market was short-lived as the NGX All-share Index advanced by 2.95% WoW while the overall market capitalization rose to NGN22.57trillion. On a sectoral basis, the performance was largely mixed, although with a bullish bias as half of our sector coverage closed in the positive territory. A further probe into the performance revealed TELECOMS (+10.18%) as the best performing sector for the week while the INSURANCE (-3.24%) counter posted the largest weekly decline. Unsurprisingly, AIRTELAF (+11.76%) and MTNN (+8.77%) anchored the gains in the TELECOMS space as investors reacted positively to the news that both Telco's giants have been granted an Approval in Principle to operate a payment service bank business in the country. Meanwhile, other top gainers for the week include FBNH (+8.11%), UNILEVER (+9.36%), FTNCOCOA (+10.00%) and UCAP (+4.89%).
- ◆ **ZENITH - STRONG BUY (FVE: N30.20), ACCESS - STRONG BUY (FVE: N12.92), UBA PLC - STRONG BUY (FVE: N12.18) and WAPCO - STRONG BUY (FVE: N28.61). Click [here](#) for our Weekly Stock Recommendation.**

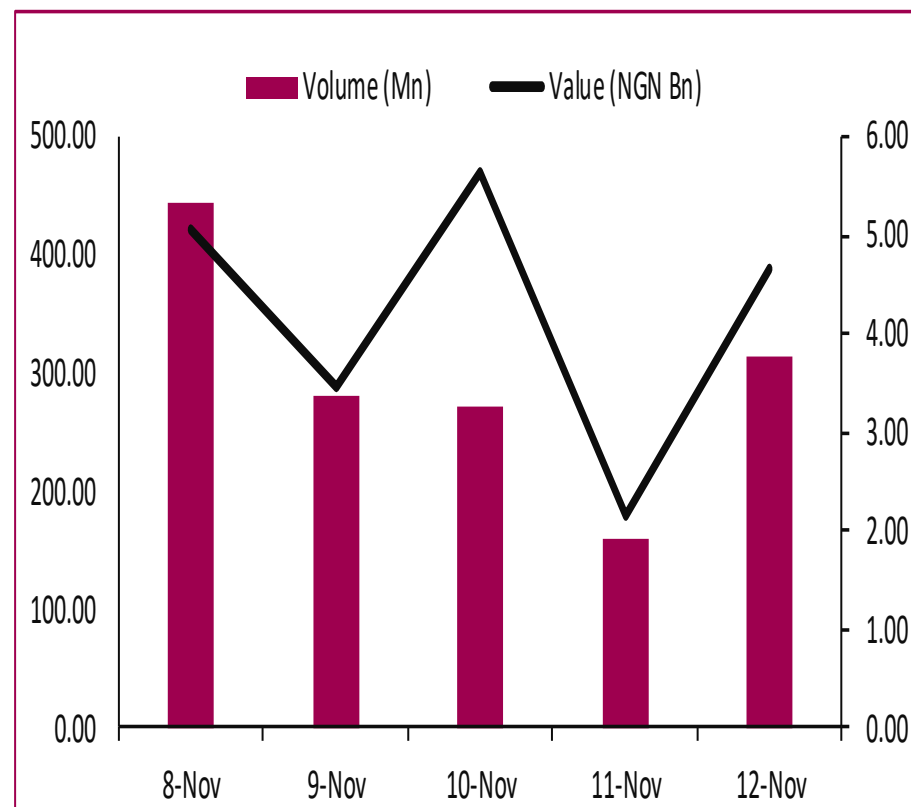
Fixed Income

- ◆ The secondary market was broadly bullish this week, with most of the activities seen at the front end of the yield curve. In the NT-Bills segment, mid and long-dated bills garnered the most interest, driving the benchmark curve down 14bps WoW to 5.19%. Over in the bond space, the average yield curve declined by 4bps to settle at 10.85% reflecting buy-sentiment at the belly-to-tail end of the curve. In the primary market, the CBN offered NGN150.82bn but sold NGN196.17bn worth of treasury bills across three maturities (91-day: NGN4.12bn, 182-day: NGN2.99bn, and 364-day: NGN189.06bn). The auction attracted demand of NGN574.88bn, yielding a subscription rate of 3.8x and a bid-to-cover ratio of 2.9x. Yields on the auction cleared at 2.50% and 3.50% for the 91 and 182-day bills respectively while the 364-day bill cleared lower at 6.50%.

Currency	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	41.56	41.73	-0.41%	7.67%	
USD/NGN (₦/\$)					
NAFEX	415	415.1	0.09%	-12.11%	
Parallel	535.0	570.0	6.54%	-32.71%	
Economic Snapshot	Latest (%)	Prior	CHG (pps)	2021 Avg.	
Inflation YoY (September 2021)			CHG (pps)		
Headline	16.63	17.01	-0.38	17.42	
Core	13.74	13.41	0.33	12.97	
Food	19.57	20.3	-0.73	21.45	
GDP (%) - YoY	Q2 21	Q1 21	Q4 20	FY20	
Real GDP	5.01	0.51	0.11	-1.9	News Headline for the week (click news for link)
Oil	-12.65	-2.21	-19.8	-8.9	*Naira Sustains Gains on Parallel Market, Now N535/\$
Agriculture	1.3	2.3	3.4	2.2	*FG planning to replace fuel subsidy with transport palliative - Minister
Manufacturing	3.49	3.4	-1.5	-2.8	*Oil prices drop on higher dollar in volatile week
Services	9.3	-0.4	1.3	-2.2	*Surging gasoline, food prices fan U.S. inflation
Labor Data (%) - Q4 20			Latest	Prior	*FEC Approves 5-year National Development Plan, Targets N348.7trn Investments
Unemployment Rate			33.3	27.1	*Senate Approves Buhari's \$16bn, €1bn External Loan Request
Underemployment			22.8	28.8	*FG to mandate ownership disclosure of oil assets to curb \$1tr losses
Capital Importation (\$'mn)	Q2 21	Q1 21	QoQ (%)	YoY (%)	*CBN Unveils Strategy to Cut Wheat Importation by 60% in Two Years
Foreign Portfolio Investment - Equities	85.16	26.88	216.8%	59.93%	*\$450bn refinery investments coming to Nigeria, others - OPEC
Bonds	14.54	138.69	-89.52%		*African govts need \$2.8tr to achieve net zero emissions
Money Market	451.67	808.57	-44.1%	36.02%	*Africa's 125.8bn Crude Oil Reserves Slump by 500m Barrels in 2021
Foreign Direct Investment	77.97	154.76	-49.62%	47.52%	*Nigeria's October oil output fell to 1.37 million bpd - Report
Balance of Payment (\$'mn)	Q4 19	Q3 19	Q2 19	QoQ	*Tier-1 Banks' assets hit N46tr
Trade Balance	2,382	2,559	1,668	-6.9%	*NNPC's JV Assets, Priority Projects Funding Gulp \$2.64bn in Nine Months
CA Balance	(2,475)	(2,796)	(3,772)	-11.5%	*'100 for 100' policy: CBN fixes N5bn maximum loan limit

Source: CBN, NBS, FMDQ, Aboki FX, ARM Research

	WoW	Mtd	QtD	YtD
NGXASI	2.95%	2.89%	7.54%	7.41%
Market Cap	2.95%	2.89%	7.72%	7.20%
NGX 30	2.45%	2.43%	6.88%	9.12%
NGX Premium	3.07%	2.62%	5.55%	23.78%
NGX 50	-0.10%	-0.54%	4.13%	6.35%
NGX ASEM	0.00%	0.00%	0.00%	-8.11%
NGX Banking	-1.93%	-3.63%	6.64%	0.63%
NGX Industrial	-0.01%	0.88%	5.13%	7.02%
NGX Consumer Goods	0.63%	-0.11%	0.30%	-0.78%
NGX Oil & Gas	-0.69%	-2.30%	3.98%	68.83%
NGX Insurance	-2.95%	-1.99%	1.91%	-6.94%

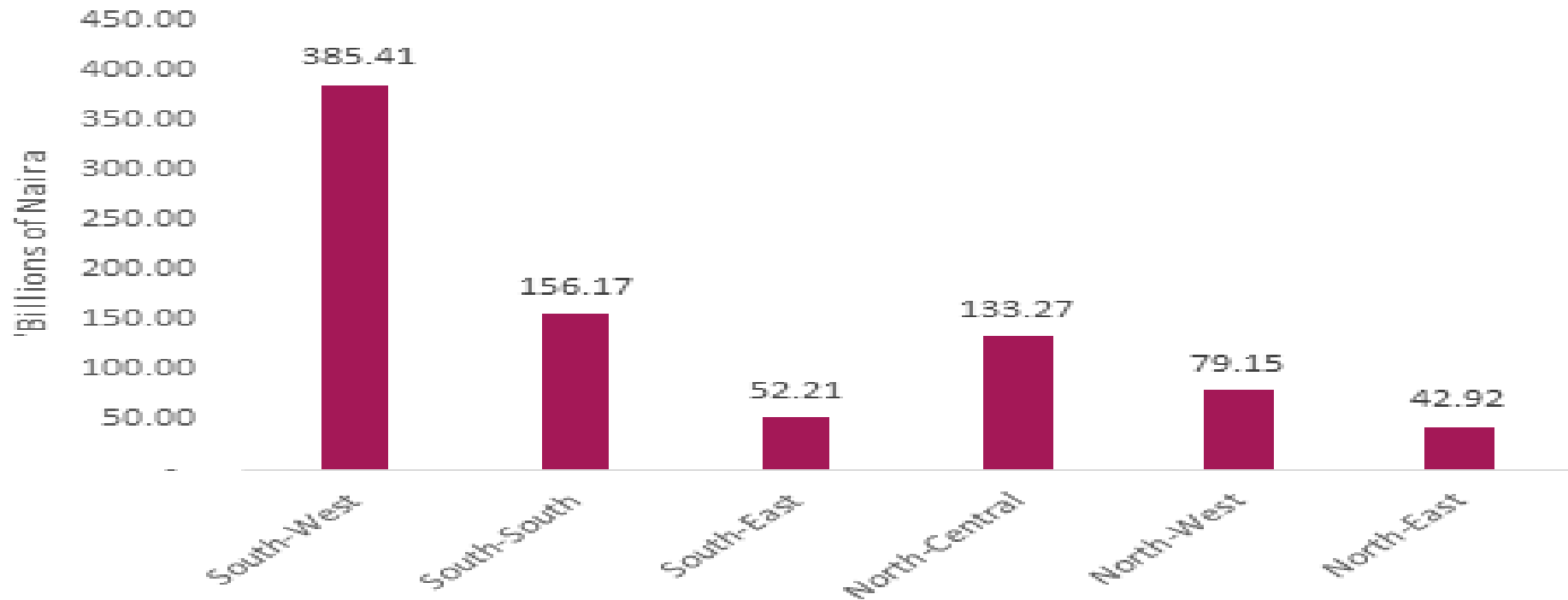


	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	90 Days	180 Days	1 Year	Issuance (N'billion)	90 Days	180 Days	1 Year
Money Market				OMO				OMO			
Overnight (O/N)	15.25%	12.38%	2.87%	04-Nov-21	7.00%	8.50%	10.10%	04-Nov-21	5.00	5.00	15.00
Open Buy Back (OBB)	14.50%	12.00%	2.50%	28-Oct-21	7.00%	8.50%	10.10%	28-Oct-21	4.00	5.00	10.00
NIBOR - 1M	6.77%	9.48%	-2.71%	21-Oct-21	7.00%	8.50%	10.10%	21-Oct-21	5.00	5.00	20.00
NIBOR - 3M	7.81%	10.29%	-2.48%	14-Oct-21	7.00%	8.50%	10.10%	14-Oct-21	10.00	10.00	30.00
NIBOR - 6M	8.79%	11.09%	-2.30%	16-Sep-21	7.00%	8.50%	10.10%	16-Sep-21	5.00	5.00	10.00
Treasury Bills				Treasury Bills	91 Day	182 Day	364 Day	Treasury Bills	91 Day	182 Day	364 Day
1-month	3.16%	3.31%	-0.15%	10-Nov-21	2.50%	3.50%	6.50%	10-Nov-21	4.12	2.99	189.06
3-month	4.04%	4.04%	0.00%	27-Oct-21	2.50%	3.50%	6.99%	27-Oct-21	2.68	2.02	230.34
6-month	5.13%	5.55%	-0.42%	13-Oct-21	2.50%	3.50%	7.25%	13-Oct-21	4.22	6.95	176.06
9-month	6.28%	6.27%	0.01%	29-Sep-21	2.50%	3.50%	7.50%	29-Sep-21	4.61	2.09	108.71
12-month	6.84%	7.15%	-0.31%	15-Sep-21	2.50%	3.50%	7.20%	15-Sep-21	0.96	3.61	151.31
FGN Bonds (Local)				FGN Bonds	Mar-27	Mar-35	Jul-45	FGN Bonds	Mar-27	Mar-35	Jul-45
16.39% 27-JAN-2022	3.91%	3.94%	-0.03%	23-Jun-21	12.74%	13.50%	-	23-Jun-21	50.8	103.9	-
12.75% 27-APR-2023	8.52%	8.06%	0.46%	19-May-21	13.10%	14.00%	-	19-May-21	20.1	41.2	-
14.20% 14-MAR-2024	9.47%	9.51%	-0.04%	21-Apr-21	12.25%	13.34%	13.85%	21-Apr-21	23.0	38.8	96.2
12.50% 22-JAN-2026	11.47%	11.48%	-0.01%	24-Mar-21	10.50%	11.50%	12.00%	24-Mar-21	44.0	86.3	131.8
16.2884% 17-MAR-2027	11.59%	11.56%	0.03%	17-Feb-21	10.25%	11.25%	11.80%	17-Feb-21	85.6	98.9	18.0
12.1493% 18-JUL-2034	12.56%	12.54%	0.02%								
16.2499% 18-APR-2037	12.88%	12.91%	-0.03%	Corporate Bonds	This Week	Prior Week	WoW (%)	Corporate Eurobond	This Week	Prior Week	WoW (%)
14.8% 26-APR-2049	12.86%	12.94%	-0.08%	MIXTA 17.00% 16-JAN-2022	4.97%	5.02%	-0.05%	ZENITH 7.375% 30-MAY-2022	2.19%	2.39%	-0.20%
				DUFIL 18.25% 1-SEP-2022	8.05%	8.14%	-0.09%	UBA 7.75% 08-JUN-2022	2.57%	3.46%	-0.89%
				LAPO MFB 17.75% 19-DEC-2022	11.03%	11.09%	-0.06%				
FGN Eurobonds				STERLING 16.50% 3-AUG-2023	9.82%	9.51%	0.31%				
5.625% 27-JUN-2022	3.39%	3.32%	0.07%	FCMB 17.25% 8-DEC-2023	10.53%	10.42%	0.11%				
6.50% 28-Nov-2027	6.17%	6.15%	0.02%	ACCESS 15.50% 23-JUL-2026	13.86%	14.15%	-0.29%				
7.875% 16-FEB-2032	7.59%	7.59%	0.00%	VIATHAN 16.00% 14-DEC-2027	11.21%	11.87%	-0.66%				
7.625% 28-Nov-2047	8.24%	8.21%	0.03%	UNION 16.20% 27-JUN-2029	15.16%	15.08%	0.08%				
				FIDELITY 8.50% 27-JAN-2031	12.99%	12.98%	0.01%				

Source: DMO, FMDQ, Bloomberg, ARM Research

INTERNALLY GENERATED REVENUE BY ZONES (HALF YEAR 2021).

The National Bureau of Statistics published the Internally Generated Revenue (IGR) Report at State level for Half Year (H1) 2021. The Internally Generated Revenue Report is sub-headed under five categories: PAYE, Direct Assessment, Road Taxes, Other Taxes and revenue from Ministries, Departments and Agencies (MDAs). The 36 States and FCT Internally Generated Revenue amounted to N849,123,384,003.55 billion in H1 2021. In the first quarter of 2021, the Internally Generated Revenue was N398,259,343,434.98 billion while in the second quarter it amounted to N450,864,040,568.57 billion. This indicates a positive growth of 13.21%. Lagos state has the highest Internally Generated Revenue with N267,232,774,434.06 billion in H1 2021, followed by FCT with N69,072,879,664.43 billion and Rivers state with N57,324,672,372.42 billion while Yobe state with N4,031,033,046.55 billion recorded the least.



Source: NBS, ARM Research

Thank You



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